



# NOTES FROM THE:

## Director, Defense Finance and Accounting Service—Denver Center

by Mr Steve E. Turner

Problem Disbursements and Intransit Disbursements: A Team Effort. Resolving and reducing Problem Disbursements and Intransit Disbursements is one of the most challenging accounting problems facing the Defense Finance and Accounting Service (DFAS) and the Department of Defense (DoD) today. Because of this, Problem Disbursements is continually under the spotlight and has one of the most aggressive goals as part of the DFAS Performance Contract.

Problem Disbursements generally fall into one of two major categories—Unmatched Disbursements (UMD) or Negative Unliquidated Obligations (NULO). A UMD occurs when a payment is not matched to a corresponding obligation in the accounting system. A NULO occurs when a payment is made against a valid obligation, but the payment is greater than the amount of the obligation recorded in the official accounting system. An Intransit Disbursement occurs when a payment is made by a DFAS Center or Operating Location (OPLOC), or other disbursing office, which does not have control of, or the ability to input payment data into the accounting system that holds the original obligation information.

The Denver Center Network and its customers face the challenge of achieving the aggressive 75% reduction goals for Problem Disbursements and Intransit Disbursements by the end of FY00. The baseline for this reduction is September 1998. Even though the Denver Network's current level of Problem Disbursements and Intransit Disbursements represent only about 10% of the overall DoDs problem disbursements, we must continue to do our part to solve this problem.

The Denver Center established a Problem Disbursement Program Office in 1995 to lead the way in eliminating problem disbursements. This office is a highly technical team comprised of experts who play an important role to prevent and reduce problem disbursements for the Denver Center network. This office monitors the progress made in reducing problem disbursements and intransit disbursements and creates extremely detailed reports required by DFAS Headquarters every month. The office also serves as the Denver Center Network's "voice" by providing regular and frequent briefings to senior DFAS and Air Force management and customers. The team analyzes problem disbursements and makes recommendations to OPLOCs and Air Force customers on how to stop creating prob-

lem disbursements. They visit OPLOCs to review business practices and recommend revisions and even provide hands-on support to help clear and reduce existing backlogs. The team also pursues and develops initiatives to provide tools to help OPLOCs and customers reduce and prevent problem disbursements. An example of such an initiative is gaining access and input capability to the DFAS-Columbus Center's Contract Reconciliation System (CRS) and Mechanization of Contract Administration Services (MOCAS) to post adjustments which can prevent and/or clear problem disbursements.

With the challenges in front of us, the partnership between the Air Force and the Denver Center Network is critical to success. We have partnered with the Air Force to create several vehicles for achieving our goals. For example, the Air Force and DFAS jointly fund contractor support to work problem disbursements at our Liaison Office at the DFAS-Columbus Center. We have also coordinated efforts to streamline procedures to prevent and reduce problem disbursements.

The most important thrust to reducing and preventing problem disbursements is the teamwork developed between the hard-working employees at the Air Force Financial Services Offices (FSOs) and the Denver Network OPLOCs. These folks work together to develop front-end solutions for preventing problem disbursements as well as reducing the backlog of aged problem disbursements. A great example of this is the Problem Resolution Team (PRT) consisting of Wright-Patterson AFB and Dayton OPLOC employees. This group meets monthly to discuss and resolve various accounting and support issues including problem disbursements. This partnership is key to the success made to date as well as future successes.

Since 1995, joint initiatives, consistent management emphasis, and the hard work of Air Force and DFAS employees have reduced problem disbursements and intransit disbursements in the Denver Network by \$2.5B. With this continued focus and effort, as of September 1999, we have reduced the September 1998 baseline of NULOs by 48%, UMDs by 50%, and Intransits by 67%. These significant reductions have far exceeded the FY99 Performance Contract goal of 10% reduction in each category, and we are well on our way to meeting the 75% reduction goals of the FY00 Performance Contract.